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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

SEC

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## FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/14 AND ENDING 12/31/14 \*  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Jane Street Capital, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

1 New York Plaza

(No. and Street)

New York

(City)

New York

(State)

10004

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Marie Harrison212-651-6069

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

5 Times Square

(Address)

New York

(City)

New York

(State)

10036

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

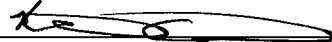
I, Richard Emmet, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Jane Street Capital, LLC, as of December 31, 20 14, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

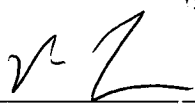
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**Vickiana Arias**  
Notary Public, State of New York  
No. 01AR6203348  
Qualified in New York County 19  
Commission Expires April 06, 20\_\_

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Managing Director  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



CONSOLIDATED STATEMENT OF FINANCIAL  
CONDITION

Jane Street Capital, LLC  
December 31, 2014

Jane Street Capital, LLC

Consolidated Statement of Financial Conditions

Year Ended December 31, 2014

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Building a better  
working world

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ey.com

## Report of Independent Registered Public Accounting Firm

The Member of  
Jane Street Capital, LLC

We have audited the accompanying consolidated statement of financial condition of Jane Street Capital, LLC and Subsidiary (the "Company") as of December 31, 2014. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the consolidated financial position of Jane Street Capital, LLC and Subsidiary at December 31, 2014, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 27, 2015

Jane Street Capital, LLC

Consolidated Statement of Financial Condition

December 31, 2014

**Assets**

Cash	\$ 994,833
Securities and other financial instruments owned, at fair value:	
Equities	7,962,810,914
Options	56,542,567
Corporate bonds	125,244,518
Municipal bonds	8,860,143
Government bonds	39,031,340
Foreign sovereign bonds	63,291,689
Commodities	118,411
Total	<u>8,255,899,582</u>
Due from brokers	72,242,530
Due from affiliates	7,563,177
Fixed assets (net of accumulated depreciation and amortization of \$29,337,826)	21,516,097
Other assets	5,912,373
Total assets	<u><u>\$ 8,364,128,592</u></u>

**Liabilities and member's equity**

Liabilities:

Securities and other financial instruments sold, not yet purchased, at fair value:	
Equities	\$ 5,002,566,393
Options	242,870,740
Corporate bonds	272,175,466
Municipal bonds	123,822
Government bonds	25,923,668
Foreign sovereign bonds	110,692,255
Total	<u>5,654,352,344</u>
Due to brokers	1,608,294,686
Due to Parent	94,231,337
Due to affiliate	2,101,403
Accrued expenses and other liabilities	9,468,296
Total liabilities	<u>7,368,448,066</u>
Subordinated borrowing	100,000,000
Member's equity	895,680,526
Total liabilities and member's equity	<u><u>\$ 8,364,128,592</u></u>

*See accompanying notes.*

## Jane Street Capital, LLC

### Notes to Consolidated Statement of Financial Condition

December 31, 2014

#### 1. Nature of Operations

Jane Street Capital, LLC ("JSC"), a Delaware limited liability company, is registered as a broker-dealer under the Securities Exchange Act of 1934, and is a member of the BATS Y-Exchange, Inc., BATS Z-Exchange, Inc., Chicago Board Options Exchange, Incorporated ("CBOE"), CBOE Futures Exchange, LLC, Commodity Exchange, Inc., Chicago Mercantile Exchange Inc., NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, The NASDAQ Stock Market LLC, NYSE Arca, Inc., Municipal Securities Rulemaking Board, New York Stock Exchange LLC, NYSE MKT LLC, EDGA Exchange, Inc., and EDGX Exchange, Inc. On November 14, 2014 JSC was approved as a member of the Financial Industry Regulatory Authority, Inc ("FINRA"). JSC is also a Foreign Approved Participant on Bourse de Montréal Inc. JSC trades for its own account and is a market-maker on the BATS Z-Exchange, Inc., CBOE, CBOE Futures Exchange, LLC, NYSE Arca, Inc., ICE Futures U.S., Inc., and Bourse de Montréal Inc. JSCC Limited ("JSCC"), JSC's wholly-owned subsidiary, is an unregulated firm incorporated in the Cayman Islands.

Effective January 1, 2014, JSC, together with its affiliates, was party to a reorganization designed to achieve certain business and regulatory efficiencies. Pursuant to an Assignment and Assumption Agreement, JSC's former parent Jane Street Holding, LLC, assigned to Jane Street Group, LLC (the "Parent" or "JSG"), an affiliate and separate holding company, substantially all of its assets and liabilities. Accordingly, JSC became a wholly-owned subsidiary of JSG subsequent to the reorganization. No cash consideration was transferred specific to the transaction.

On December 15, 2014, pursuant to a separate Assignment and Assumption Agreement, JSC assumed the assets and liabilities of its affiliate Jane Street Markets, LLC ("JSM"). No cash consideration was transferred specific to the transaction. In accordance with the guidance of Accounting Standards Codification ("ASC") 805-50, *Transactions between entities under Common Control*, all assets and liabilities were transferred at current carrying value and are included in the Consolidated Statement of Financial Condition at December 31, 2014. Although this guidance also requires that JSC, as the receiving entity, present its Consolidated Statement of Financial Condition as though the assets and liabilities of JSM had been transferred at the beginning of the period, given the relative insignificance of JSM's financial position for the period prior to the transfer, the transfer of the net assets of JSM as of December 15, 2014 is presented as a current year adjustment to Member's equity.

# Jane Street Capital, LLC

## Notes to Consolidated Statement of Financial Condition

December 31, 2014

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

This consolidated financial statement includes the accounts of JSC and JSCC (collectively referred to herein as the "Company"). All intercompany transactions and balances have been eliminated in consolidation.

This consolidated financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America.

#### *Use of Estimates*

The preparation of this consolidated financial statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of this consolidated financial statement. Actual amounts could differ from these estimates.

#### *Cash*

The Company at times may maintain cash in deposit accounts in excess of Federal Deposit Insurance Corporation limits. The Company has not experienced any losses on such accounts.

#### *Securities and Other Financial Instruments Owned and Securities and Other Financial Instruments Sold, Not Yet Purchased, at Fair Value*

Generally, equity securities owned and equity securities sold, not yet purchased traded on a national securities exchange are valued at the last reported sales price at December 31, 2014. Those American Depositary Receipts ("ADRs") which are included in equity securities owned and equity securities sold, not yet purchased, and are readily convertible into the underlying equity security and are traded on the OTC market, are valued as of the last available public sale price on the exchange of the underlying equity security. Furthermore, listed ADRs and the underlying equity security are valued as of the last available ADR price on the exchange.

Domestic options owned and domestic options sold, not yet purchased, are valued using a third-party pricing source at December 31, 2014. These prices primarily fall within the parameters of the bid and ask prices on the exchange. All other options are priced using last traded exchange prices at December 31, 2014.



Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**2. Summary of Significant Accounting Policies (continued)**

Debt securities, including corporate bonds, municipal bonds, government bonds, and foreign sovereign bonds, are valued using a third-party pricing source at December 31, 2014. These prices generally fall within the average parameters of bid and ask prices of broker-dealers who make markets in those securities.

Securities and other financial instruments owned and Securities and other financial instruments sold, not yet purchased, in the Consolidated Statement of Financial Condition, are net by CUSIP and by clearing broker.

Contracts for differences ("CFDs") are included in Due from brokers in the Consolidated Statement of Financial Condition and are valued based on the last reported sales price of the underlying financial instruments at December 31, 2014.

Futures contracts traded on a national securities exchange are included in Due to and from brokers in the Consolidated Statement of Financial Condition and are valued at the last reported sales price at December 31, 2014.

Forward foreign currency contracts are included in Due to brokers in the Consolidated Statement of Financial Condition and are marked-to-market daily using foreign exchange rates which are derived from observable input rates from a select subset of price contributors for the New York region.

In carrying out its valuation responsibilities, the Company has considered the availability and quality of external market information to provide justification and rationale for its fair value estimates.

The Company records transactions in securities and the related revenues and expenses on a trade date basis. All resulting realized and unrealized gains and losses are reflected in Member's equity.

Dividend income on equities owned and dividend expense on equities sold, not yet purchased are recorded on the ex-dividend date.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**2. Summary of Significant Accounting Policies (continued)**

***Translation of Foreign Currencies***

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Both purchases and sales of securities and revenue and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Company does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on financial instruments from fluctuations arising from changes in market prices of financial instruments held.

***Income Taxes***

The Company is a single member limited liability company and a disregarded entity for U.S. tax purposes; therefore, no provision has been made in the accompanying consolidated financial statement for U.S. federal, state, or city income taxes.

Tax laws are complex and subject to different interpretations by the taxpayer and taxing authorities. Significant judgment is required when evaluating tax positions and related uncertainties. Future events such as changes in tax legislation could require a provision for income taxes. Any such changes could significantly affect the amounts reported in Member's equity. In accordance with ASC 740, *Income Taxes*, the Company has not accrued any amounts related to income tax positions and related uncertainties.

***Fixed Assets***

Furniture, equipment, software, and leasehold improvements are carried at cost net of accumulated depreciation and amortization. Depreciation and amortization are provided by the straight line method over the estimated useful lives of the related assets. Leasehold improvements are amortized on a straight line basis over the lease term.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**2. Summary of Significant Accounting Policies (continued)**

Fixed assets consist of the following:

	Depreciable Life in Years	At December 31, 2014
Leasehold improvements	Life of lease*	\$ 17,536,003
Furniture	7	897,415
Equipment	5	30,792,522
Software	3	1,627,983
Total fixed assets		50,853,923
Less accumulated depreciation and amortization		29,337,826
Net fixed assets		\$ 21,516,097

\*See Note 10

***New Pronouncements***

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services. ASU 2014-09 also provides guidance on accounting for certain contract costs, and requires new disclosures. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. The Company is still evaluating the effect of this pronouncement on its consolidated financial condition.

**3. Fair Value of Financial Instruments**

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), provides a single definition of fair value together with a framework for measurement, and requires additional disclosure about the use of fair value techniques to measure assets and liabilities. ASC 820 emphasizes that fair value is a market-based measurement, not any specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under ASC 820, fair value measurements are disclosed by level in that hierarchy.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**3. Fair Value of Financial Instruments (continued)**

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Includes inputs that are quoted prices in active markets for identical assets or liabilities the company has the ability to access.

Level 2: Includes inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Includes significant unobservable inputs for the asset or liability and relies on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the company's own data.

# Jane Street Capital, LLC

## Notes to Consolidated Statement of Financial Condition

December 31, 2014

### 3. Fair Value of Financial Instruments (continued)

The following tables set forth the Company's securities and other financial instruments by level within the fair value hierarchy as of December 31, 2014:

	Fair Value Hierarchy		
	Level 1	Level 2	Total
Securities and other financial instruments owned:			
Equities	\$ 6,473,764,432	\$1,489,046,482	\$7,962,810,914
Options	34,217,563	22,325,004	56,542,567
Corporate bonds	-	125,244,518	125,244,518
Municipal bonds	-	8,860,143	8,860,143
Government bonds	39,031,340	-	39,031,340
Foreign sovereign bonds	63,291,689	-	63,291,689
Physical commodities	118,411	-	118,411
Total Securities and other financial instruments owned	\$ 6,610,423,435	\$1,645,476,147	\$8,255,899,582
	Level 1	Level 2	Total
Derivative assets:			
Futures contracts included in Due to/from brokers	\$ -	\$ 35,799,506	\$ 35,799,506
CFDs included in Due from brokers	-	523,160	523,160
Forward contracts included in Due to brokers	-	2,586,592	2,586,592
Total derivative assets	\$ -	\$ 38,909,258	\$ 38,909,258

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**3. Fair Value of Financial Instruments (continued)**

	Fair Value Hierarchy		Total
	Level 1	Level 2	
Securities and other financial instruments sold, not yet purchased:			
Equities	\$ 4,190,995,809	\$ 811,570,584	\$ 5,002,566,393
Options	215,101,628	27,769,112	242,870,740
Corporate bonds	-	272,175,466	272,175,466
Municipal bonds	-	123,822	123,822
Government bonds	25,923,668	-	25,923,668
Foreign sovereign bonds	110,692,255	-	110,692,255
Total Securities and other financial instruments sold, not yet purchased	<u>\$ 4,542,713,360</u>	<u>\$ 1,111,638,984</u>	<u>\$ 5,654,352,344</u>
	Level 1	Level 2	Total
Derivative liabilities:			
Futures contracts included in Due to brokers	\$ -	\$ 9,267,125	\$ 9,267,125
CFDs included in Due from brokers	-	228,736	228,736
Forward contracts included in Due to brokers	-	2,538,946	2,538,946
Total derivative liabilities	<u>\$ -</u>	<u>\$ 12,034,807</u>	<u>\$ 12,034,807</u>

During the year ended December 31, 2014, there were no securities or other financial instruments classified as Level 3.

There were no significant transfers between Level 1 and Level 2 during the year ended December 31, 2014.

**4. Due To and From Brokers and Concentration of Credit Risk**

The clearing and depository operations for the Company's securities transactions are provided by eight brokers. At December 31, 2014, the amounts reflected in Due to and from brokers in the Consolidated Statement of Financial Condition are primarily from seven brokers.

Amounts Due to and from brokers in the Consolidated Statement of Financial Condition include net amounts payable and receivable for securities transactions that have not settled, and

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**4. Due To and From Brokers and Concentration of Credit Risk (continued)**

unrealized appreciation or depreciation from certain derivative financial instruments and foreign currency translation. Amounts due to and from the same broker have been offset where the right of offset exists.

Substantially all securities held at the brokers serve as collateral for the amounts due to the relevant broker. Subject to the clearing agreement between the Company and the clearing broker, the clearing broker has the right to sell or repledge this collateral. Additionally, securities and other financial instruments owned and securities and other financial instruments sold, not yet purchased, are generally subject to margin requirements.

In the course of its normal trading activities, the Company is a party to financial instruments that involve, to indeterminable degrees, market risk in excess of that presented in the Consolidated Statement of Financial Condition (see Note 8).

The Company maintains accounts with financial institutions. In the event of a financial institution's insolvency, recovery of assets may be limited to account insurance or other protection afforded such accounts. The Company has not experienced any such loss.

**5. Intercompany and Related Party Transactions**

The Parent pays for payroll and certain operating expenses on behalf of the Company. The amount reflected as Due to Parent in the Consolidated Statement of Financial Condition is primarily comprised of the unreimbursed portion of these allocated expenses.

Additionally, the Company pays certain operating expenses on behalf of some of its affiliates. These expenses may include, among others, market data and trading software, and rent. The Company also allocates to some of its affiliates certain costs related to the use of the Company's fixed assets. These allocated expenses are a component of the Due from affiliates balance in the Consolidated Statement of Financial Condition.

In addition to the foregoing, the Company, along with its affiliates, may execute intercompany securities transactions, which occur at fair value.

The Company is charged commissions by an affiliate for the affiliate's role as agent. These commissions, as well as an amount owed from this affiliate for acting as a counterparty on trades with third-parties, are and netted in the Due to affiliate balance in the Consolidated Statement of Financial Condition.

## Jane Street Capital, LLC

### Notes to Consolidated Statement of Financial Condition

December 31, 2014

#### **5. Intercompany and Related Party Transactions (continued)**

Separate from the above, for the period prior to the assumption and assignment of JSM, this affiliate provided sponsored access to the NASDAQ exchanges to facilitate the Company's trading thereon. JSM also periodically served as the Company's agent for purposes of executing over-the-counter transactions in equity securities with unaffiliated, third-party broker-dealers. The intercompany balances associated with this activity were eliminated in conjunction with the assumption and assignment and therefore have no impact on the Consolidated Statement of Financial Condition.

JSC indemnifies and guarantees JSCC against failure to pay in full or perform all or part of the obligations to one of its clearing brokers. Payments that the Company could be required to make under these indemnifications cannot be estimated; however, significant payments under this arrangement are considered unlikely. Accordingly, there are no payments required and no contingent liabilities recorded in the Consolidated Statement of Financial Condition related to this arrangement at December 31, 2014.

A Revolving Note and Cash Subordination Agreement between the Parent and the Company defines specific terms and conditions under which, from time to time, the Parent may lend the Company various dollar amounts. There are no amounts outstanding under this agreement as of December 31, 2014.

Upon direction from its Operating Committee, the Parent issues both investor units and equity units (collectively, "the units") of the Parent to certain members, including those that provide services to the Company. The equity unit issuance is done, in part, based upon the member's individual performance and/or service. The units are a means of distributing the total consolidated net income at the Parent level to the members. The investor units are representative of the total consolidated capital of the Parent and the members earn a return on that capital. The equity units are a means of distributing the consolidated residual Profit and Loss of the Parent. All of these units are issued at the Parent level. The equity units, when issued, are normally subject to vesting over a period of up to three years. Both investor units and equity units are subject to redemption by the Parent under certain circumstances as defined in the Amended and Restated Limited Liability Company Agreement of Jane Street Group, LLC. For equity unit awards, the Parent has made a policy election to account for awards to members who provide services to the Company as distributions from equity. As a result, no compensation expense is recorded by the Parent or the Company for services provided by members.



## Jane Street Capital, LLC

### Notes to Consolidated Statement of Financial Condition

December 31, 2014

#### **6. Subordinated Borrowing**

On December 23, 2014, the Company and the Parent entered into a subordinated loan agreement (the "Agreement") in accordance with Appendix D to Rule 15c3-1 under the Securities Exchange Act of 1934. The total amount borrowed under the Agreement is \$100,000,000. Interest on the loan is payable at the scheduled maturity date of December 23, 2015 at a rate of 8.5% per annum. The fair value of this instrument approximates its carrying value because of its short-term nature and because it bears a market-based interest rate.

This subordinated borrowing has been approved by FINRA for inclusion in computing the Company's net capital pursuant to the Securities and Exchange Commission ("SEC") net capital rule.

#### **7. Regulatory Requirements**

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 of the SEC. The Company computes its net capital under the basic method permitted by the rule, which requires that the minimum net capital be equal to the greater of \$100,000, 6-2/3% of aggregate indebtedness, or an amount based on market-maker activity, as defined. At December 31, 2014, the Company had net capital of \$572,464,992, which exceeded the requirement of \$7,053,406 by \$565,411,586.

The Company applies judgment in interpreting certain provisions of the Uniform Net Capital Rule. Those interpretations, which are reviewed periodically by FINRA and the SEC, can have a significant impact on the Company's computed net capital. Management believes its interpretations are appropriate.

The Company's equity withdrawals are subject to certain provisions of the net capital rule of the SEC and other regulatory bodies.

#### **8. Derivative Financial Instruments**

The Company's activities may include the purchase and sale of CFDs, options, futures, forward currency contracts, and other similar derivatives. These contracts involve elements of market risk in excess of the amounts recognized in the Consolidated Statement of Financial Condition, in part because of the additional complexity and potential for leverage. These financial instruments are used for trading purposes and for managing risks associated with the portfolio of securities.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**8. Derivative Financial Instruments (continued)**

All derivative positions are reported in the accompanying Consolidated Statement of Financial Condition at fair value and any change in value is reflected Member's equity.

A CFD is an equity derivative contract that bases its value on the price of a stock index or common stock, without investing in the underlying physical share. As such, the Company has no rights or obligations relating to the underlying share. The CFD is a contract between two parties to exchange, at the close of the contract, the difference between the reset price and the closing price of the contract, multiplied by the number of shares specified within the contract.

Management believes that risks associated with derivatives are minimized through its hedging strategies. However, the use of derivative financial instruments involves the risk of imperfect correlation in movements in the price of the financial instruments, interest rates and the underlying assets.

Derivatives may create credit risk, as well as legal, operational, reputational, and other risks beyond those associated with the direct purchase or sale of the underlying securities to which their values are related.

The Company may purchase and sell options on securities, currencies, and commodities on national and international exchanges and over-the-counter markets. Options may be cash settled, settled by physical delivery or by entering into a closing transaction. In entering into a closing purchase transaction, the Company may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written. In addition, the correlation between option prices and the prices of underlying financial instruments may be imperfect and the market for any particular option may be illiquid at a particular time.

The seller ("writer") of a call option which is covered (e.g., the writer has a long position in the underlying financial instrument) assumes the risk of a decline in the market price of the underlying financial instrument below the value of the underlying financial instrument less the premium received, and gives up the opportunity for gain on the underlying financial instrument above the exercise price of the option. The writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying financial instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying financial instrument, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying financial instrument.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**8. Derivative Financial Instruments (continued)**

The writer of a put option which is covered (e.g., the writer has a short position in the underlying financial instrument) assumes the risk of an increase in the market price of the underlying financial instrument above the sales price (in establishing the short position) of the underlying financial instrument, plus the premium received, and gives up the opportunity for gain on the underlying financial instrument below the exercise price of the option. The writer of an uncovered put option assumes the risk of a decline in the market price of the underlying financial instrument below the exercise price of the option. At December 31, 2014, the Company had a maximum payout amount of \$934,959,919 related to its written put option contracts expiring between January 2, 2015 and January 15, 2016. The maximum payout would be offset by the subsequent sale of assets obtained via the execution of a payout event. The fair value of such underlying assets as of December 31, 2014 was \$1,066,408,158. These amounts do not include the Company's hedges which are designed to substantially offset this risk. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying financial instrument, the loss on the put will be offset in whole or in part by any gain on the underlying financial instrument.

The Company trades futures contracts. Substantially all trading in futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

Futures prices are highly volatile. Price movements for the futures contracts which the Company may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The open positions must be marked to market daily, requiring additional margin deposits if the position reflects a loss that reduces the Company's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity.

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and cash trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable.

# Jane Street Capital, LLC

## Notes to Consolidated Statement of Financial Condition

December 31, 2014

### 8. Derivative Financial Instruments (continued)

The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration.

The fair value of derivative financial instruments as of December 31, 2014 and the volume of these financial instruments for the year ended December 31, 2014 are as follows:

Derivative	Derivative Fair Value at December 31, 2014		Consolidated Statement of Financial Condition Line Item	Volume	
	Assets	Liabilities		Number of Underlying Securities	Number of Contracts
Indices – Options	\$ 30,720	\$ -	Securities and other financial instruments owned	19,466,200	
Indices – Futures	31,799,999	5,466,658	Due to/from brokers		12,603,409
Equities – Options	56,511,847	242,870,740	Securities and other financial instruments owned; Securities and other financial instruments sold, not yet purchased	1,100,544,800	
Equities – CFDs	523,160	228,736	Due from brokers	692,695,901	
Equities – Rights and Warrants	643,134	466,364	Securities and other financial instruments owned; Securities and other financial instruments sold, not yet purchased		160,417,541
Equities – Futures	-	-	-		76,115
Commodities – Options	-	-	-	384,000,000	
Commodities – Futures	3,991,107	3,357,289	Due to brokers		1,024,278
Currencies – Futures	8,400	443,178	Due to brokers		476,345
Currencies – Forwards	2,586,592	2,538,946	Due to brokers		56

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**8. Derivative Financial Instruments (continued)**

The gross amounts of assets and liabilities subject to netting and the gross amounts offset in the Consolidated Statement of Financial Condition, as required by ASC 210-20, *Balance Sheet*, are as follows:

	Gross amount of recognized assets/liabilities	Gross amount offset in the Consolidated Statement of Financial Condition	Net amount of assets/liabilities presented in the Consolidated Statement of Financial Condition
<b>Assets</b>			
Equities:			
Rights and warrants	\$ 643,948	\$ (814)	\$ 643,134
Other non-derivatives	-	-	7,962,167,780
Total Equities	643,948	(814)	7,962,810,914
Due from brokers**:			
Futures	70,039,731	(69,981,515)	58,216
CFDs	523,160	(228,736)	294,424
Forward contracts	2,586,592	(2,586,592)	-
Other non-derivatives	-	-	71,889,890
Total Due from brokers	73,149,483	(72,796,843)	72,242,530
<b>Liabilities</b>			
Equities:			
Rights and warrants	\$ 467,178	\$ (814)	\$ 466,364
Other non-derivatives	-	-	5,002,100,029
Total Equities	467,178	(814)	5,002,566,393
Due to brokers**:			
Futures	43,507,350	(69,981,515)	(26,474,165)
CFDs	228,736	(228,736)	-
Forward contracts	2,538,946	(2,586,592)	(47,646)
Other non-derivatives	-	-	1,634,816,497
Total Due to brokers	46,275,032	(72,796,843)	1,608,294,686

\*\*See Note 4

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**9. Other Risks Related to Financial Instruments Held by the Company**

Unexpected volatility or illiquidity in the markets in which the Company directly or indirectly holds positions could impair its ability to carry out its business and could cause losses to be incurred.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of financial instruments.

The Company is a registered market-maker. A market-maker may be called upon to make markets and provide liquidity at times of market stress. Because of these obligations, the Company's risk, at a time of large, volatile moves may be greater than that suggested by the positions in the Company's Consolidated Statement of Financial Condition.

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments.

Interest rate risk is the risk that the fair value or future cash flows of fixed income or rate sensitive financial instruments will increase or decrease because of changes in interest rates. Generally the value of these instruments will change inversely with changes in interest rates. As interest rates rise, the fair value of these instruments tends to decrease. Conversely, as interest rates fall, the fair value of these instruments tends to increase. This risk is generally greater for long-term securities than for short-term securities.

Credit risk represents the potential loss that would occur if counterparties fail to perform payment obligations. The Company is subject to credit risk to the extent a counterparty is unable to fulfill contractual obligations. Certain of the Company's master agreements governing derivatives (the "ISDA Agreements") contain provisions that specify levels for the Company's equity, capital or net assets, among other covenants. Depending on the ISDA Agreement, the failure of the Company to maintain these levels may give the counterparties a right to either terminate and demand payment of the net amount owing on, or increase the collateral amount of, the derivative contracts with respect to the net liability position, if any.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**9. Other Risks Related to Financial Instruments Held by the Company (continued)**

Liquidity risk is the risk that the Company will not be able to raise funds to fulfill its commitments, including the inability to sell financial instruments quickly or at close to fair value.

Short selling, or the sale of securities not owned by the Company, exposes the Company to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and in the case of equities, without effective limit. There is the risk that the securities borrowed by the Company in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a short squeeze can occur, wherein the Company might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Borrowings are usually from securities brokers and dealers and are typically secured by the Company's securities and other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the Company's obligations and if the Company is unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the Company's obligations to the broker-dealer. Liquidation in that manner could have adverse consequences. In addition, the amount of the Company's borrowings and the interest rates on those borrowings, which will fluctuate, could have a significant effect on the Company's profitability.

While the use of certain forms of leverage including margin borrowing, reverse repurchase agreements, structured products or derivative instruments can substantially improve the return on invested capital, such use may also increase the adverse impact to which the portfolio of the Company may be subject.

Currencies, securities and commodity interests, and the issuers of securities and commodity interests are affected by, among other things: changing supply and demand, interest rates, merger activities, governmental laws, regulations and enforcement activities, trade, fiscal and monetary programs and policies, and national and international political and economic developments. The effect of such factors on exchange rates, interest rates, the prices of securities and commodity interests in general, or a particular currency, security or commodity interest, is difficult to predict. In addition, there is unpredictability as to change in general economic conditions, which may affect the profitability of the Company's strategy.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**9. Other Risks Related to Financial Instruments Held by the Company (continued)**

The Company trades in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. In addition, in order to hedge foreign currency exchange rate risks, which may arise from the purchase of such securities or other reasons incidental to the Company's business, the Company may trade foreign currencies and foreign currency-related products. These types of products entail risks in addition to those involved in securities of domestic issuers. Trading non-U.S. securities may represent a greater degree of risk than trading U.S. securities. Non-U.S. securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs. In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between the Company's portfolio holdings of securities denominated in a particular currency and the Company's portfolio holdings of currencies and foreign currency related products purchased by the Company to hedge any exchange rate risk.

The Company may effect transactions in the over-the-counter or interdealer markets. The participants in such markets are typically not subject to the same stringent level of credit evaluation as are members of exchange based markets. This exposes the Company to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Company to suffer a loss. In addition, in the case of a default, the Company could become subject to adverse market movements while replacement transactions are executed. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. The Company is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Although the Company does not have a formal internal credit function, it is the Company's policy to review, as necessary, the credit standing of counterparties. However, the ability of the Company to transact business with any one, or a number of, counterparties may increase the potential for losses by the Company.

The Company may trade high yield bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities



Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**9. Other Risks Related to Financial Instruments Held by the Company (continued)**

may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

**10. Commitments**

At December 31, 2014, the Company is obligated under a non-cancelable operating lease for office space expiring in May 2017. This lease contains provisions for escalations based on certain costs incurred by the lessor.

At December 31, 2014, the future aggregate minimum rental commitments under the lease are as follows:

Year ending December 31:	
2015	\$ 2,476,774
2016	2,479,552
2017	<u>1,047,272</u>
Total future commitments	<u>\$ 6,003,598</u>

The Company allocates rent to some of its affiliates (see Note 5).

**11. Exemption from Rule 15c3-3**

The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, and therefore is exempt from SEC Rule 15c3-3 pursuant to the exemption provision under subparagraph (k)(2)(ii). Accordingly, the Company is not required to maintain a "Special Reserve Bank Account for Exclusive Benefit of Customers" and has not included the schedules entitled "Computation for Determination of Reserve Requirements" or "Information for Possession or Control Requirements" in the supplementary information of this report.

Jane Street Capital, LLC

Notes to Consolidated Statement of Financial Condition

December 31, 2014

**12. Subsequent Events**

The Company has evaluated events through the date that this consolidated financial statement was available to be issued.

During January 2015 the Company borrowed \$150,000,000 under the Revolving Note and Cash Subordination Agreement with the Parent (see Note 5). Of this amount, \$19,000,000 was repaid in February 2015.



Building a better  
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## Report of Independent Registered Public Accounting Firm

The Member of  
Jane Street Capital, LLC

We have reviewed management's statements, included in the accompanying Management's Exemption Report pursuant to SEC Rule 17a-5(d)(4), in which (1) Jane Street Capital, LLC (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(ii) (the "exemption provision") and (2) the Company stated that it met the identified exemption provision for the period June 1, 2014 through December 31, 2014 without exception. Management is responsible for compliance with the exemption provision and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

This report is intended solely for the information and use of the Member, management, the SEC, the Financial Industry Regulatory Authority, other regulatory agencies that rely on Rule 17a-5 under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and other recipients specified by Rule 17a-5(d)(6) and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

February 27, 2015



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### **Jane Street Capital, LLC's Exemption Report**

Jane Street Capital, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- 1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the provision of 17 C.F.R. § 240.15c3-3 (k)(2)(ii).
- 2) The Company met the identified exemption provision in 17 C.F.R. § 240.15c3-3 (k)(2)(ii) throughout the period from June 1, 2014 through December 31, 2014, without exception.

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I, Richard Emmet, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By:   
Title: Managing Director

February 27, 2015